

Date: May 11, 2018

Contact: Takuya Aizawa
General Manager of Corporate Planning Dept.
Tel: +81-3-3544-2000**Notice Concerning Discontinuation (Abolishment) of
Large-scale Purchase Countermeasures (Takeover Defense)**

Hanwa Co., Ltd. (“Hanwa”) announces that at the Board of Directors held on May 11, 2018, it was resolved to discontinue and abolish Large-scale Purchase Countermeasures (Takeover Defense) as described below.

Hanwa introduced “Large-scale Purchase Countermeasures (Takeover Defense)” following the resolution of the Board of Directors held on February 26, 2007. Hanwa subsequently resolved the renewal and continuation of such countermeasures with a partial amendment, based on the approval of its shareholders at the 60th Ordinary General Shareholders Meeting held on June 28, 2007, the 62nd Ordinary General Shareholders Meeting held on June 26, 2009, the 65th Ordinary General Shareholders Meeting held on June 28, 2012 and the 68th Ordinary General Shareholders Meeting held on June 26, 2015 (hereinafter, the renewed countermeasures shall be referred to as the “Existing Countermeasures”). Effective period of the Existing Countermeasures will expire at the conclusion of the 71st Ordinary General Shareholders Meeting to be held on June 22, 2018.

Hanwa believed that, in preparation for the emergence of hostile bidders or abusive bidders, setting rules in advance for information request and dialogues with such bidders as well as creating a structure to address such proposals may contribute to the common interest of its shareholders. Furthermore, Hanwa believed that the Existing Countermeasures were necessary because it was difficult for the target company to take an effective action when large-scale purchasers emerge in light of the rules concerning tender offering provided in the Financial Instruments and Exchange Act, and thus Hanwa continued the Existing Countermeasures.

In the current status, the criteria for exercising voting rights among institutional investors against takeover defense proposals have become strict due to the effect of the current stewardship cord. Additionally, over the past three years where the Existing Countermeasures took effect, Hanwa marked a record high in consolidated net sales and consolidated operating income for the fiscal year 2017, recording a three-year compound average growth rate (CAGR) of 21.4% in consolidated ordinary income, while a 1.8 times increase in total equity market value was achieved. Accordingly, Hanwa succeeded in improving its corporate value owing to these factors. Considering this status with an available option to discontinue the Existing Countermeasures, Hanwa actively had dialogues with domestic institutional investors and proxy advisory firms because of the existence of essential significance in the Existing Countermeasures described above to explain its views and amendment proposals, while conducting hearing as well as exchanges of opinions with regard to the criteria for each investor to make decision and the details of takeover defense proposal which can lead to an agreement. However, while receiving some understanding of our views, Hanwa recognized that it is not easy to obtain approvals from a large number of shareholders.

In view of the situation above, as a result of careful consideration of the treatment of the Existing Countermeasures, Hanwa resolved to discontinue and abolish the Existing Countermeasures at the Board of Directors held today.

After the expiration of effective term of the Existing Countermeasures, Hanwa will exert its efforts continuously to ensure and enhance its corporate value as well as common interest of shareholders. In the event

that a large-scale purchase of Hanwa's shares occurs, Hanwa will request the large scale purchaser to provide necessary and sufficient information and make efforts to ensure enough time and information for shareholders for the consideration thereof through appropriate and timely disclosure of information such as the expression of opinions by the Board of Directors. Furthermore, Hanwa will implement appropriate countermeasures to the extent permitted under the Financial Instruments and Exchange Act, the Companies Act and other laws and regulations.

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